



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 19, 2006

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 3977

John W. Parson, President
Staker & Parson Companies
151 West Vine Street
Murray, Utah 84107

Subject: Notice of Cancellation/Termination of Reclamation Surety Bond Number
_____ Staker & Parson Company, Ekins East Quarry (M/049/032),
Utah County, Utah

Dear Mr. Parson:

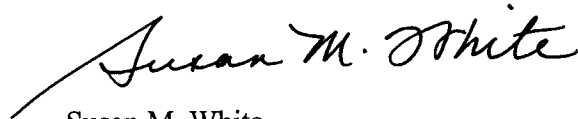
Please review the enclosed Liberty Mutual's Notice of Cancellation and/or Termination notification indicating the Corporate Surety (CS) in the amount of \$29,000.00 is being cancelled and/or terminated in accordance to per the provisions of the bond. According to the terms of the CS, the insurance company may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met, therefore, effective December 19, 2006, the CS will be terminated. Paragraph 2 of the Reclamation Contract, states the Operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

You are hereby advised that the Division must receive a replacement form of surety within 60 days or prior to November 19, 2006 or the Division will be forced to do any/some of the following:

- **Carry out the terms of the CS number 14-037-100**
- **Submit a request to the Board of Oil, Gas and Mining to withdraw the permit**
- **Order the cessation of mining operations**
- **Order immediate reclamation of all lands affected**

There are pending paperwork issues that remain unresolved at this time. Because of the reclamation work is close to completion, the Division will delay the execution of the paperwork for a short time period. You must however, stay in communications with the Division and work diligently to complete the outlined scope of reclamation work. **Upon receipt of this letter, please contact any of us one of us listed below and provide a reclamation surety and reclamation work status report.** I can be reached at (801) 538-5258, Surety Coordinator, Beth Ericksen (801) 538-5318 or Reclamation Specialist, Lynn Kunzler (801) 538-5310. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,



Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:BE:pb

Enc: Liberty Mutual Notice of Cancellation and/or Termination dated Sept 6 2006

cc: Beth Ericksen, DOGM

Daron Haddock, DOGM

Mike Dalley, Staker & Parson Companies (w/enc)

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NOTICE OF CANCELLATION AND/OR TERMINATION

CERTIFIED MAIL-RETURN RECEIPT REQUESTED
7005 2570 0001 5977 1549

September 6, 2006

Utah Dept. of Natural Resources
Attn: Division of Oil, Gas & Mining
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Bond Number: :
Principal: Staker & Parson Companies
Present Penal Sum: \$29,000.00
Bond Description: Mined Land Reclamation-Ekins East Quarry (40 acres)
Original Effective Date: 10/18/05
Cancel Date: 12/8/06

We hereby cancel the above referenced bond in accordance with the cancellation/termination provisions contained in the bond. If, for any reason, the effective date of this Notice does not fully comply with the cancellation/termination provisions contained in the bond, then this Notice shall be deemed amended to contain the earliest effective date which is in compliance with the provisions of the bond.

Reason: Business placed with another Surety.

LIBERTY MUTUAL INSURANCE COMPANY

By: Mary Jane Kleeman
Mary Jane Kleeman, Attorney-in-Fact

REPLY TO:
Liberty Mutual Surety
8044 Montgomery Road, Suite 150E
Cincinnati, OH 45236
800-759-0559, Ext 323
Fax: 513-984-3165

ACKNOWLEDGEMENT REQUIRED - PLEASE SIGN AND RETURN A COPY IN SELF
ADDRESSED ENVELOPE ENCLOSED.

ACKNOWLEDGED BY: [Signature] DATE: 9.19.06

Copy
☒ Obligee
☒ Principal
☒ Producer
☒ Home Office
☒ Underwriting Office

M10A91032
EKINS EAST

COPY



NOTICE OF CANCELLATION AND/OR TERMINATION

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